



Capital Planning Committee

Capital Plan for FY2021 (July 1, 2020 – June 30, 2021)
5-Year Plan for FY2021 – FY2025

Date: Thursday, November 21, 2019

Time: 5pm-7pm

Location: Town Manager's Conference Room, Arlington Town Hall Annex, 730 Mass Ave.

Minutes

Attendance: Stephen Andrew, Advisor
Joseph Barr,
Ida Cody (arrived at 5:30pm),
Richard Manley, Locke Lord LLP
Phyllis Marshall,
Michael Mason,
Claudia Matzko, Locke Lord LLP
Chris Moore,
Angela Olszewski (arrived at 5:30pm),
Sandy Pooler,
Brian Rehrig,
Julie Wayman, Management Analyst,
Timur Kaya Yontar.

Not in attendance: Charlie Foscett.

Meeting Opened: Mr. Yontar called the meeting to order at 5:08pm. The minutes of the meeting of November 7, 2019 were reviewed and approved without any changes (moved by Mr. Pooler, seconded by Mr. Moore).

Bond Counsel Presentation/Discussion: The meeting began with a presentation and discussion with the Town's bond counsel, Locke Lord LLP, who were represented by Partner Rick Manley and Senior Counsel Claudia Matzko. They began with an overview and introduction to the work that the bond counsel does, and clarified that in municipal bonding, it is the lender's responsibility to ensure that the municipality that is selling the bonds has the capacity and legal authority to repay those bonds. If it is later determined that municipal bonds were not issued with the correct approvals and authorities, there is no recourse to seek repayment from the municipality, and the responsibility falls on the lenders. The role of bond counsel is therefore to certify that all of the required conditions

for issuing municipal bonds have been met, and that the lenders should purchase the debt with an assurance that they will be repaid. In this role, they generally make two certifications in their opinion: 1) that the borrowing is legitimate and that a “valid and binding obligation” can be made and 2) that the bonds are tax exempt. Through additional Q&A, the bond counsel representatives discussed a number of related matters:

- Chapter 44 of the Massachusetts General Law lists the items that are eligible for bonding; only capital items (such as physical assets) are eligible, not operating items (such as the ongoing costs for maintaining an asset). The decision about whether an item is capital or maintenance is not always black and white; sometimes that decision can depend on the value of the work or whether it is part of a larger project with a large bond issuance.
- The length of borrowing cannot exceed the useful life of the asset, and by law the Select Board has the authority to determine the useful life of assets.
- From a bonding perspective, it is OK to use general descriptions about the use of funds from a bond issuance, although this may create political issues. Being more general can provide flexibility in the future, although the rules about useful life, capital eligibility, and other requirements still apply.
- By state law, the rules for amortization and repaying bonds are strict, requiring annual payments per the original schedule and at least level debt service.
- Federal law also defines the rules for bonds being tax exempt, which are also quite strict. A small amount of private (non-tax exempt) use of the asset is allowed, but generally the asset must create a public benefit or the bonds will not be tax exempt.

The discussion ended with the members of the Committee thanking the Locke Lord representatives for a very helpful and informative presentation and discussion.

Meeting Schedule: Mr. Yontar confirmed that the meeting on December 19 will take place as scheduled. He also indicated that he may schedule an extended meeting if necessary, and that there is a meeting scheduled for January 2, 2020. The Committee also discussed having an informal celebration for Mr. Andrew, potentially after the December 5 meeting.

Old Business: Ms. Cody presented a consolidated list of sweeps from various departments. Members of the Committee wanted to make sure that this list is consistent with the sweep votes taken during meetings, since those votes are the official recommendations to the Town Manager. Since no action was needed on the list, Ms. Cody said that she would work with Ms. Wayman to review the list of sweeps and make sure that the list is consistent and can be used to summarize the recommendations of the Committee.

The following updates were provided on questions from prior reports:

- Mr. Andrew provided a further update on the proposal to move the Veterans’ Memorial to Cooke’s Hollow, which does enjoy support from the Arlington veteran community. Mr. Andrew clarified that the movement of the memorial wall would not occur until other work is complete at Cooke’s Hollow, and a conceptual plan of the site was distributed to provide the Committee with a better sense of the potential layout (which is very much subject to change). Any potential cost overruns would be

part of the request to the Community Preservation Act Committee, which is expected to provide the majority of the funding. Based on this discussion, the Committee voted to approve the \$250,000 request in FY22 (moved by Mr. Rehrig, seconded by Mr. Barr), by a vote of 8 in favor and 1 against (Mr. Moore was the No vote and the other Committee members present voted in favor).

- Ms. Cody provided an update on the \$15,500 Emergency Management Grant that was discussed as part of the IT Department budget. This grant is a reimbursement program that is based on the Town reporting expenditures on emergency management items. Based on this, it does not appear that there is any need for these funds to be included in the Capital Plan, and the Committee voted unanimously to remove the request from the Plan (moved by Mr. Pooler, seconded by Mr. Moore).
- Ms. Cody provided an update on the expenditures for the Ottoson Middle School phone replacement, which indicated that the funds are on track to be fully spent this fiscal year. No action was required from the Committee.

Finance Subcommittee Report-Planning and Community Development Department:

The Committee continued discussions on the capital requests from the Planning and Community Development Department, including the following items:

- Following up on the discussion about the ADA upgrades project, the Subcommittee clarified that this request is separate from the Recreation Department, which will continue to appear in that Department's capital requests. Going forward, the Town's new Diversity, Equity, and Inclusion staff person will be involved in these projects, along with Jim Feeney from Facilities, to make sure that the funds are spent in the areas with the greatest need. They will also work to coordinate this work with the projects being put forward by Recreation.
- Mr. Andrew provided an overview of the \$100,000 Bluebikes request, which will pay for a two-year agreement with Motivate/Lyft to place five bikeshare stations (each with nine docks) in Arlington (most likely in the eastern half of the town). This represents half of the cost of the stations, with the other half paid by Lyft. Although the Committee was generally supportive of expanding bikeshare in Arlington, there were significant concerns expressed about the subsidy that would be provided to a private company, and whether there was any option to bring these docks to Arlington without providing a subsidy. Based on the discussion, it was clear that some additional information was needed before the Committee could make a final decision on this request, so the Committee voted unanimously to table the item to a subsequent meeting (moved by Mr. Pooler, seconded by Mr. Moore).

New Business: Mr. Pooler provided an updated on the cost estimates for Arlington High School rebuilding project, which have increased by \$30 million over the previous estimates. The increases appear to be most directly associated with the HVAC systems, although there are other areas where costs have increased. To decrease the project cost estimate, the high school building committee engaged in a value engineering process to bring down the cost of the project and may be looking at shifting certain costs from the high school construction budget to the Town's Capital Plan, particularly some of the storm sewer work that needs to occur. This will then result in impacts on the funds available

within the Capital Plan that the Committee is responsible for managing. Mr. Pooler indicates that he will continue to keep the Committee updated as additional information is available.

Meeting Adjourned: The meeting adjourned unanimously at 7:20pm (moved by Mr. Yontar, seconded by Mr. Moore).